

Message Text

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ORIGIN PM-05

INFO OCT-01 ISO-00 NEA-11 TRSE-00 L-03 CIAE-00 INR-10
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DOD/DSAA

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FM SECSTATE WASHDC
TO AMEMBASSY TUNIS
INFO SECDEF WASHDC 0414
CINCEUR

C O N F I D E N T I A L STATE 137094

E.O. 11652: GDS

TAGS: MASS, TN

SUBJECT: TUNISIAN FY 1978 FMS LOAN AGREEMENT

REF: CHUSLOT MSG 231355 MAY 78

1. DEPARTMENT HAS APPROVED PROPOSED FY 78 FMS LOAN AGREEMENT FOR \$25 MILLION FOR TUNISIA. WE ARE HOPEFUL THAT IT WILL BE POSSIBLE TO CONCLUDE AGREEMENT PRIOR TO DEPARTURE OF TUNISIAN AMBASSADOR ON OR ABOUT JUNE 2. AMBASSADOR STATES HE HAS RECEIVED AUTHORIZATION TO SIGN BUT AS OF MAY 30 IS STILL AWAITING GUARANTY CHECK, BELIEVED ENROUTE. IF YOU DEEM IT USEFUL, YOU MAY CALL ATTENTION OF APPROPRIATE GOT OFFICIALS TO THE FOLLOWING.

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2. PROCEDURES AND TERMS OF LOAN AGREEMENT. TERMS OF LOAN CALL FOR \$25 MILLION PRINCIPAL TO BE REPAYED TO FEDERAL FINANCING BANK (FFB) IN FIFTEEN APPROXIMATELY EQUAL SEMI-ANNUAL PAYMENTS COMMENCING APPROXIMATELY ONE YEAR AFTER SIGNATURE OF THE LOAN AGREEMENT. DISBURSEMENT PERIOD WILL END TWENTY-FOUR MONTHS AFTER SIGNATURE OF

THE LOAN AGREEMENT. DEPARTMENT OF DEFENSE WILL GUARANTEE THE LOAN, FOR WHICH THE GOT WILL PAY A GUARANTY FEE OF \$62,500 FROM ITS OWN RESOURCES. OTHER TERMS OF THE LOAN HAVE BEEN DETERMINED BY THE FFB, AND ARE SIMILAR (BUT

NOT IDENTICAL) TO TERMS OF FY 77 LOAN.

3. AT TIME OF SIGNATURE OF LOAN AGREEMENT IN WASHINGTON, GOT REPRESENTATIVE MUST PROVIDE FOLLOWING:

A. GUARANTY FEE OF \$62,500 IN FORM OF CHECK FOR THAT AMOUNT MADE PAYABLE TO "TREASURY OF THE UNITED STATES".

B. COPY OF AUTHORIZATION BY GOT TO ITS REPRESENTATIVE TO SIGN LOAN AGREEMENT. IN ADDITION, BEFORE FUNDS MAY BE DISBURSED, SIMILAR WRITTEN AUTHORIZATIONS ARE REQUIRED FOR PERSON(S) TO SIGN ON BEHALF OF TUNISIA (1) PROMISSORY NOTE AND (2) OTHER DOCUMENTS CONTEMPLATED BY LOAN AGREEMENT SUCH AS REQUESTS FOR ADVANCES OF FUNDS. REQUIRED AUTHORIZATIONS MAY BE PROVIDED IN SINGLE DOCUMENT OR IN SEPARATE DOCUMENTS. THEY MAY BE IN ANY WRITTEN FORM, INCLUDING CABLED INSTRUCTIONS TO GOT EMBASSY WASHINGTON PROVIDED THEY ARE IN ENGLISH OR ARE ACCOMPANIED BY AN OFFICIAL ENGLISH TRANSLATION.

4. EQUIPMENT TO BE PURCHASED WITH FINANCING IS IDENTIFIED
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AS APC'S MOUNTED WITH TOW, CHAPARRAL COMMUNICATIONS AND DEPOT REPAIR FACILITIES. WE WILL SHORTLY REQUEST THE PRESIDENT TO MAKE THE DETERMINATION REQUIRED BY SECTION 4 OF THE ARMS EXPORT CONTROL ACT TO PERMIT FMS FINANCING FOR THE TOW PURCHASE. SHOULD THIS DETERMINATION NOT BE MADE, WE ANTICIPATE THAT GOT WOULD USE THE FINANCING TO INITIATE PROCUREMENT OF M48A5 TANKS, M578 AND M88 TANK RECOVERY VEHICLES, M377A1 COMMAND POST VEHICLES, AND AN AIR NAVIGATION SYSTEM (TACAN).

5. FYI: WHITE HOUSE APPROVED IN PRINCIPLE SALE OF M113 APC'S WITH TOW ON MAY 20. ADVANCE INFORMAL 36B NOTIFICATION WILL BE SENT TO CONGRESS AFTER MEMORIAL DAY HOLIDAY. END FYI. VANCE

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